



September 2016

# VETERANS' HEALTH CARE

## Improved Oversight of Community Care Physicians' Credentials Needed

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#### Why GAO Did This Study

To help ensure that veterans are provided timely and accessible health care, VHA purchases care from community physicians. Two community care programs, PC3 and Choice, require physicians to hold certain credentials reflecting their qualifications. Congress included a provision in law for GAO to review VHA's processes for, and oversight of, credentials verification for PC3 and Choice physicians. This report examines (1) whether VA contractors comply with contractual requirements for verifying PC3 and Choice physicians' credentials; (2) the extent to which VHA oversees the contractors responsible for verifying the credentials of PC3 and Choice physicians; and (3) VHA's own processes for, and oversight of, verifying Choice physicians' credentials under recently implemented VHA Choice provider agreements. GAO reviewed PC3 and Choice contracts, VHA and contractor policies, and federal internal control standards. GAO reviewed a nongeneralizable sample of 50 PC3 and 50 Choice physician credentials files, selected among five types of care across the nation. GAO also interviewed VHA officials and contractor representatives.

#### What GAO Recommends

VHA should develop a comprehensive oversight strategy that includes monitoring and evaluations of the contractors' verification of PC3 and Choice physicians' credentials, as well as VHA staff's review of Choice physicians; and assess the risk of not verifying Choice physicians' licenses under VHA Choice provider agreements. VA concurred with these recommendations.

View [GAO-16-795](#). For more information, contact Elizabeth Curda at (202) 512-7114 or [curdae@gao.gov](mailto:curdae@gao.gov).

#### What GAO Found

GAO found that the Department of Veterans Affairs' (VA) contractors—Health Net Federal Services (Health Net) and TriWest Healthcare Alliance (TriWest)—complied with contractual requirements to verify the credentials of physicians under one community care program, but were deficient in doing so under another program. Based on GAO's review of selected physicians, GAO found that the contractors almost always verified and documented the credentials of physicians in the Veterans Health Administration's (VHA) Patient-Centered Community Care (PC3) program consistent with the requirements of the contract. In contrast, the contractors did not always verify credentials of the physicians in the Veterans Choice Program (Choice) in a timely manner; and for many physicians, contractors could not produce documentation to support verification consistent with the requirements of the contract. For example, Health Net did not document verification of six Choice physicians' certification to prescribe controlled substances, and TriWest provided insufficient documentation for GAO to determine whether it verified most of the selected Choice physicians' credentials. Both contractors shared plans to address the identified deficiencies.

VHA lacked a comprehensive strategy for overseeing Health Net's and TriWest's compliance with contract requirements for verifying the credentials of PC3 and Choice physicians. VA's contracts with Health Net and TriWest specify that VHA will review the contractors' credentialing periodically to determine whether the contractors are in full compliance with the terms of the contract. In addition, federal internal control standards call for monitoring, and corresponding guidance suggests that agencies consider having a strategy to ensure that monitoring is effective. However, GAO found that VHA's monitoring is primarily limited to independent reviews of physicians' credentials using primary source databases, rather than oversight of the contractors' processes for verifying physicians' credentials. VHA has evaluated TriWest's documentation of verifying physicians' credentials for PC3 physicians, but not Health Net's, and has not evaluated either contractor for Choice physicians. Additionally, VHA officials provided conflicting information about the scope, frequency, and interpretation of the results of the oversight they do conduct. Without a comprehensive oversight strategy, VHA cannot ensure that Health Net and TriWest are in compliance with the terms of the contract and that veterans are treated by qualified physicians.

In February 2016, VHA began entering into Choice provider agreements with community physicians to provide Choice care to veterans in certain situations. Under these agreements, VHA staff at each medical facility—rather than the contractors—review Choice physicians' credentials. GAO found that VHA did not require its staff to verify licenses submitted by physicians against the issuing source; rather, they review copies of the licenses. Federal internal control standards state that management should identify potential risk factors, such as opportunities for fraud, due to the absence of controls. Without assessing the risk of not verifying physicians' licenses against the issuing source, VHA does not know if a policy change is needed. Furthermore, VHA lacked plans for overseeing staff across each of its medical facilities with the new responsibility of verifying Choice physicians' credentials under the recently implemented VHA Choice provider agreements.

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## **Abbreviations**

DEA	Drug Enforcement Agency
NPI	national provider identifier
PC3	Patient-Centered Community Care
VA	Department of Veterans Affairs
VHA	Veterans Health Administration
QASP	quality assurance surveillance plan

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U.S. GOVERNMENT ACCOUNTABILITY OFFICE

441 G St. N.W.  
Washington, DC 20548

September 19, 2016

The Honorable Johnny Isakson  
Chairman  
The Honorable Richard Blumenthal  
Ranking Member  
Committee on Veterans' Affairs  
United States Senate

The Honorable Jeff Miller  
Chairman  
The Honorable Mark Takano  
Acting Ranking Member  
Committee on Veterans' Affairs  
House of Representatives

The majority of veterans using health care services delivered by the Department of Veterans Affairs (VA) receive care in medical facilities operated by VA's Veterans Health Administration (VHA). However, some VHA medical facilities have experienced long wait times for veterans needing care or cannot provide certain specialty care services at the facility. To help ensure that veterans are provided timely and accessible care, the department has purchased health care services from non-VA community physicians through its community care programs since 1945.<sup>1</sup> In 2015, VA obligated \$10.5 billion for community care. Two more recent community care programs—Patient-Centered Community Care (PC3) and the Veterans Choice Program (Choice)—are the first to include credentials requirements, such as an unrestricted state medical license and a lack of sanctions that would prevent participation in federally funded health care programs, in order to demonstrate that physicians are qualified to provide care to veterans. Credentials verification is an

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<sup>1</sup>For the purposes of this report, the terms "VA community care" and "community providers" refer, respectively, to the services the department purchases outside VHA medical facilities and the community providers who deliver the services under the following statutory authorities: 38 U.S.C. §§ 1701 note, 1703, 1725, 1728, 8111, and 8153. Before 2015, VHA referred to "community providers" as "non-VA providers" or "fee basis providers," and to "VA community care" as "non-VA medical care" or "fee basis care." VHA began using the terms "community providers" and "VA community care" in the spring of 2015.

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important means by which health care organizations gain assurance that patients receive safe, high quality care.<sup>2</sup>

VA awarded PC3 contracts in September 2013 to Health Net Federal Services (Health Net) and TriWest Healthcare Alliance (TriWest). These contracts require that Health Net and TriWest each develop a regional network of providers, including physicians, to deliver care to veterans when care cannot be delivered at a VHA medical facility. The contracts specify that Health Net and TriWest are responsible for verifying that physicians in their networks hold certain credentials, such as state medical licenses and eligibility for participation in federally funded health care programs.

In 2014, a well-publicized series of events continued to call into question VHA's ability to deliver veterans timely access to care in its own facilities.<sup>3</sup> To improve veterans' access to medical services, Congress enacted the Veterans Access, Choice, and Accountability Act of 2014 (Choice Act), which provided, among other things, temporary authority and additional VA funding to allow veterans who meet expanded eligibility requirements to obtain health care services from community physicians.<sup>4</sup> The Choice

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<sup>2</sup>We have previously reported on VHA's credentialing and privileging of physicians providing care in VHA medical facilities. See GAO, *VA Health Care: Improved Oversight and Compliance Needed for Physician Credentialing and Privileging Processes*, GAO-10-26 (Washington, D.C.: Jan. 6, 2010). Privileging, which is the process of determining which specific health care services each physician should be allowed to provide within a given facility, was not a focus of this report because VA community providers do not perform services within VHA-operated medical facilities under PC3 and Choice.

<sup>3</sup>In 2014, news outlets began reporting about extended wait-times for veteran appointments at VHA medical facilities. GAO, the VA Office of the Inspector General, and others have substantiated allegations of extended wait-times. We also found that VHA employees responsible for scheduling appointments at certain facilities engaged in inappropriate practices to make wait-times appear more favorable. See GAO, *VA Health Care: Reliability of Reported Outpatient Medical Appointment Wait Times and Scheduling Oversight Need Improvement*, GAO-13-130 (Washington, D.C.: Dec. 21, 2012). See Department of Veterans Affairs Office of Inspector General, *Veterans Health Administration: Review of Alleged Patient Deaths, Wait Times, and Scheduling Practices at the Phoenix VA Health Care System*, VAOIG-14-02603 (Washington, D.C.: Aug. 26, 2014).

<sup>4</sup>Pub. L. No. 113-146, § 101, 128 Stat. 1754, 1755-1765 (2014) (codified, as amended, at 38 U.S.C. § 1701 note).

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Act included credentials requirements for physicians to be eligible to furnish care or services to veterans under the program. In implementing the Choice Act, VA modified its existing PC3 contracts to include Choice and required Health Net and TriWest to ensure that participating Choice physicians possess a specific set of credentials. In addition to Health Net's and TriWest's responsibilities for administering Choice, VHA recently began entering into agreements with community physicians to provide Choice care to veterans in situations when the contractors are unable to do so. The agreements VHA enters into with physicians to provide such care are referred to as VHA Choice provider agreements.<sup>5</sup> Under VHA Choice provider agreements, staff at VHA medical facilities are responsible for ensuring that physicians hold the required credentials.

The Choice Act included a provision for GAO to report to Congress on VHA's use of contractors and its own staff for verifying the credentials of PC3 and Choice physicians, and VHA's oversight of these processes. This report examines

1. whether VA contractors comply with contractual requirements for verifying PC3 and Choice physicians' credentials;
2. the extent to which VHA oversees the contractors responsible for verifying the credentials of PC3 and Choice physicians; and
3. VHA's own processes for verifying Choice physicians' credentials, and oversight of responsible VHA staff, under the recently implemented VHA Choice provider agreements.

To examine whether VA contractors comply with contractual requirements for verifying PC3 and Choice physicians' credentials, we reviewed VA's contracts with Health Net and TriWest to identify credentials requirements for PC3 and Choice physicians, including Choice Act requirements incorporated into the contracts with respect to Choice physicians. We also reviewed Health Net's and TriWest's credentials policies, and interviewed representatives from each contractor regarding their credentials verification procedures. For each contractor, we selected and reviewed a nongeneralizable sample of 50 physician credentials files—25 PC3 physician files and 25 Choice physician files—for a total of 100 physician

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<sup>5</sup>Once a VHA Choice provider agreement is in place, VHA may authorize care for multiple veterans or appointments under the same agreement.

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credentials files, to determine whether the contractors complied with contractual requirements. We selected files for physicians that deliver five of the most common types of care—obstetrics and gynecology, ophthalmology, primary care, psychiatry, and surgery—across each of the four census regions (Northeast, Midwest, South, and West). We selected physicians who had seen veteran patients, as well as physicians who had not, based on VHA payment information as of January 2016.<sup>6</sup> Information obtained from our review of 100 contractor PC3 and Choice physicians' credentials files cannot be generalized to all contractor PC3 and Choice physicians. To assess the reliability of the data used to select our sample, we interviewed knowledgeable agency officials about their respective data sources and methods for collecting data, manually reviewed the data, and electronically tested the data for missing values and obvious errors. We concluded that the data were sufficiently reliable for our purposes. After reviewing the credentials files in our sample, we reviewed with contractor staff all instances of documentation we were unable to locate. To identify industry standards for verifying credentials, we interviewed representatives and reviewed documentation from URAC, an accreditation organization.<sup>7</sup>

To examine the extent to which VHA oversees the contractors responsible for verifying the credentials of PC3 and Choice physicians, we reviewed VA's contracts with Health Net and TriWest, as well as agency documents related to VHA's oversight of the contractors. We also interviewed VHA officials regarding VHA's oversight activities of Health Net's and TriWest's verification of PC3 and Choice physicians'

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<sup>6</sup>Seventy-nine percent of physicians in our sample had seen veteran patients and 21 percent had not.

<sup>7</sup>URAC is a nonprofit organization that develops evidence-based measures, standards, and guidelines for the purpose of improving the quality of health care. URAC has over 30 accreditation and certification programs, some of which are related to physician credentialing. URAC was originally incorporated under the name Utilization Review Accreditation Commission, but that name was shortened to the acronym URAC in 1996 when it began accrediting other types of organizations, such as health plans, pharmacies, and provider organizations.

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credentials. We compared VHA's oversight activities and mechanisms with federal internal control standards for monitoring.<sup>8</sup>

To examine VHA's own processes for verifying Choice physicians' credentials, and oversight of responsible VHA staff, under the recently implemented VHA Choice provider agreements, we reviewed agency documents and interviewed VHA staff regarding credentials verification procedures and oversight activities. We compared VHA's processes for verifying Choice physicians' credentials with the contractors' processes for verifying Choice physicians' credentials. We compared VHA's oversight activities related to the VHA Choice provider agreements with federal internal control standards for monitoring and risk assessment.<sup>9</sup> We also interviewed officials at the five VHA medical facilities that participated in the initial implementation phase of VHA Choice provider agreements.

We conducted this performance audit from November 2015 to September 2016 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

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<sup>8</sup>See GAO, *Standards for Internal Control in the Federal Government*, GAO-14-704G (Washington, D.C.: Sept.10, 2014); and *Internal Control Management and Evaluation Tool*, GAO-01-1008G (Washington, D.C.: Aug. 1, 2001). Internal control is a process effected by an entity's oversight body, management, and other personnel that provides reasonable assurance that the objectives of an entity will be achieved.

<sup>9</sup>See GAO-14-704G.

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## Background

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### VA Community Care Programs

PC3 and Choice are among several VA community care programs, each of which has varying eligibility requirements and types of services offered.<sup>10</sup> While the amount of claims VA paid for the treatment of veterans under PC3 decreased by about half over the past year, the amount has more than tripled for the treatment of veterans under Choice.

### PC3

PC3 was not specifically enacted by law, but was created by VA under existing statutory authorities to provide veterans with needed care that is not feasibly available from a VHA medical facility. VA originally required its PC3 contractors, Health Net and TriWest, to each develop regional networks, made up of community providers of specialty care, mental health care, limited emergency care, and maternity and limited newborn care. VA and the contractors began implementing PC3 in October 2013, and it was fully implemented nationwide as of April 2014. In August 2014, VA expanded PC3 to allow community providers of primary care to join Health Net's and TriWest's networks.

Veterans may be eligible to obtain care under PC3 when they are unable to access a particular service from a VHA medical facility, either because the service is not offered or the veteran would have to travel a long distance to obtain it from a VHA medical facility. The veteran's VHA provider requests an authorization for care, and if approved, the responsible contractor tries to arrange for care for the veteran with one of the providers in its PC3 network.

### Choice

The Choice Act provides, among other things, temporary authority and funding for veterans to obtain certain types of health care services from community providers to address long wait times, lengthy travel distances, or other challenges accessing care at a VHA medical facility. Under this authority, VHA introduced Choice in November 2014. As stated in VHA's December 2015 guidance, Choice allows eligible veterans to obtain

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<sup>10</sup>See GAO, *Veterans' Health Care: Proper Plan Needed to Modernize System for Paying Community Providers*, GAO-16-353 (Washington, D.C.: May 11, 2016), for a description of other VA community care programs not covered in this report.

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health care services from community providers if the veteran meets any of the following criteria:<sup>11</sup>

- the next available medical appointment with a VA provider is more than 30 days from the veteran's preferred date or the date the veteran's physician determines he or she should be seen;
- the veteran lives more than 40 miles driving distance from the nearest VHA medical facility with a full-time primary care physician;
- the veteran needs to travel by air, boat, or ferry to the VHA medical facility that is closest to his or her home;
- the veteran faces an unusual or excessive burden in traveling to a VHA medical facility based on geographic challenges, environmental factors, or a medical condition;
- the veteran's specific health care needs, including the nature and frequency of care needed, warrants participation in the program; or
- the veteran lives in a state or territory without a full-service VHA medical facility.<sup>12</sup>

Choice is primarily implemented through VA's contracts with Health Net and TriWest; however, staff at VHA medical facilities have also, under certain conditions, begun entering into VHA Choice provider agreements.<sup>13</sup> Specifically, VHA Choice provider agreements can be used when 1) the services are not covered under VA's contracts with Health Net and TriWest, or 2) Health Net or TriWest cannot deliver the care and returns the authorization request to the VHA medical facility for

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<sup>11</sup>See Veterans Health Administration, *Veterans Choice Program Eligibility Details* (Washington, D.C.: 2015). Staff at the veteran's local VHA medical facility work with the veteran to determine if he or she meets Choice eligibility criteria. In its technical comments on a draft of this report, VA officials indicated that not each of these elements is specified as an eligibility factor in the Choice Act. However, we chose to present the factors as they appear in VA's guidance because it represents the information disseminated to the public regarding VA's implementation of the statutory requirements.

<sup>12</sup>Specifically, veterans who reside in Alaska, Hawaii, New Hampshire, or a U.S. territory would be eligible for the program under this criterion. Veterans residing in New Hampshire are only eligible if they reside more than 20 miles away from the VHA medical facility located in White River Junction, Vermont.

<sup>13</sup>Community physicians that meet eligibility requirements may choose to participate in Choice through the contractors—Health Net or TriWest—VHA, or both.

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certain reasons.<sup>14</sup> If the needed services are covered by the VA contracts for Choice care, VHA must give Health Net and TriWest the first opportunity to arrange the care for the veteran. VHA began entering into Choice provider agreements in February 2016. As of July 14, 2016, VHA reported that its medical facilities had 4,859 VHA Choice provider agreements in place, and had used 925 of them to authorize Choice care for veterans.

#### Hierarchy of VA Community Care Referrals

Because some veterans could be eligible for more than one type of VA community care—for example, if they live a long distance from a VHA medical facility—VHA issued guidance on the hierarchy of community care referrals. Given that Congress designated funding specifically for Choice, the guidance communicates a preference for the use of Choice, whenever possible. Specifically, when a VHA medical facility determines that there is a need for community care, VHA instructs them to first refer the veteran to the appropriate contractor for Choice care if the veteran meets the eligibility criteria and the needed services are covered by Choice.<sup>15</sup> If the veteran is eligible for Choice care, but the contractor is unable to arrange for the care, the facility may use a VHA Choice provider agreement or another type of community care, such as PC3. If the veteran is not eligible for Choice or the needed services are not covered by Choice, the VHA guidance says VHA medical facility staff may use

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<sup>14</sup>VHA has specified nine reasons for which VHA Choice provider agreements may be used when the contractors return authorizations: 1) no network provider is available for the requested service(s); 2) the veteran requested a specific provider that is not in the contractor's network; 3) the contractor scheduled an appointment with the incorrect provider or for the incorrect type of care; 4) the contractor could not schedule the care within the contractually required time period; 5) the contractor was unable to contact the veteran via call or letter; 6) the veteran declined the appointment due to distance (and the distance was within the commute standard); 7) the veteran declined the appointment due to distance (and the distance was outside the commute standard); 8) the veteran declined the time for the appointment scheduled by the contractor; and 9) the contractor was unable to review the medical facility's referral within contract standards.

<sup>15</sup>The guidance specifies that before pursuing community care, the facility should refer the veteran to another VHA medical facility using usual interfacility referral patterns, or to the Department of Defense, the Indian Health Service, or a Tribal Health Facility in accordance with the terms of the applicable agreement. However, they may make exceptions to this referral rule when the service is not offered in the primary facility and it was normally sent out in the community prior to Choice, or there is a wait list at the referral medical facility. See Veterans Health Administration, *VA Care in the Community (Non-VA Purchased Care) and Use of the Veterans Choice Program*, (Washington, D.C.: Oct. 1, 2015).

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their discretion to refer the veteran to another type of community care. As of July 2016, both Health Net and TriWest reported that Choice care made up the vast majority of their authorizations.

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## Credentials Verification

The process of reviewing and verifying physicians' credentials, also known as credentialing, includes inspecting and authenticating the documents that constitute evidence of appropriate education, training, licensure, and experience to ensure the physician is qualified to practice medicine in the designated setting. Industry standards for credentialing, developed by various accreditation organizations, such as URAC, generally require accredited organizations to verify credentials in order to confirm the factual accuracy and authenticity of the information submitted by the physician. The industry standards call for some credentials, such as medical licenses, to be verified using the primary source—the original or issuing source of the credential. In the case of a medical license, the primary source would be the state licensing board that issued the license. Other credentials may be verified using accepted secondary sources, such as the National Practitioners Data Bank for verifying malpractice history.<sup>16</sup> The standards also call for documentation of credentials verification activities, such that there is evidence that verification was conducted consistent with requirements and standards.

VA contracted with Health Net and TriWest to conduct credentials verification for PC3 physicians in their respective networks, and maintain documentation of this verification. To implement contractual requirements for PC3, Health Net and TriWest verify PC3 physicians' credentials in accordance with URAC accreditation standards for credentialing. For example, Health Net and TriWest verify licenses, education and training, and malpractice history for each PC3 physician, and conduct reverification at least once every three years.

Health Net and TriWest are also required to verify the credentials of Choice physicians; however, to further the goal of getting veterans access to care quickly under Choice, VA chose to require fewer credentials for

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<sup>16</sup>The National Practitioners Data Bank is administered by the U.S. Department of Health and Human Services and includes information on physicians who either have been disciplined by a state licensing board, professional society, or health care provider, such as a hospital, or have been named in a medical malpractice settlement or judgment.

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Choice physicians.<sup>17</sup> According to a VHA official, it generally takes between 5 and 10 days to complete the credentials verification process for Choice physicians, compared to 90 days for PC3.<sup>18</sup> Specifically, in contrast to traditional credentialing, VA's contracts only require Health Net and TriWest to ensure that Choice physicians

- hold an active, unrestricted license in the state where Choice service is performed;
- have a national provider identification (NPI) number;<sup>19</sup>
- have a Drug Enforcement Agency (DEA) number to prescribe controlled substances;
- are not excluded from participation in federally funded health care programs;<sup>20</sup> and
- participate in Medicare.<sup>21</sup>

Health Net's and TriWest's contracts require them to comply with section 101 of the Choice Act, which also requires Choice physicians to submit verification of their credentials at least annually. VHA policy requires Choice physicians who participate in VHA Choice provider agreements to

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<sup>17</sup>The contractors can use their networks of PC3 physicians to provide Choice care; however, they are still required to verify all credentials in accordance with PC3 requirements for these physicians.

<sup>18</sup>Because Choice is not considered traditional credentialing, this report uses the term credentials verification to refer to the contractors' processes.

<sup>19</sup>NPIs are standard national, unique 10-digit identification numbers assigned to health care providers for the purpose of improving the efficiency and effectiveness of the electronic transmission of health information, such as billing.

<sup>20</sup>Although Health Net's and TriWest's contracts refer to the Centers for Medicare & Medicaid Services' exclusionary list, both contractors consult the Department of Health and Human Services' Office of Inspector General exclusionary list (exclusionary list), which VHA officials confirmed is the intended list.

<sup>21</sup>The contracts require Health Net and TriWest to comply with a Choice Act provision that limited the choice of providers not affiliated with the Department of Defense, Indian Health Service, or federally qualified health centers to those who participate in Medicare. In July 2015, Congress amended the Choice Act to include additional physicians that meet criteria established by the VA. Pub. L. 114-41, § 4005(c), 129 Stat. 443, 464 (2015). As of July 2016, VA had plans to modify its contracts with Health Net and TriWest to reflect this amendment, but had not yet done so.

submit a similar set of credentials at least annually. For additional detail on the different credentials requirements, see figure 1.

**Figure 1: Credentials Requirements for PC3 and Choice Physicians, July 2016**

Credential	Patient-Centered Community Care (PC3)	Veterans Choice Program (Choice) <sup>a</sup>
License	✓	✓
Board certification	✓ <sup>b</sup>	
Education and training	✓	
Employment history	✓	
Malpractice history	✓	
Absence of sanctions <sup>c</sup>	✓	✓
Malpractice insurance	✓	<sup>d</sup>
Certification to prescribe controlled substances	✓	✓
National provider identifier (NPI) number	✓	✓
Medicare participation	✓ <sup>e</sup>	✓ <sup>f</sup>
Frequency	At least once every 3 years	At least once every 12 months

Source: GAO review of information from Health Net, TriWest, VA, and VHA. | GAO-16-795

<sup>a</sup>The credentials requirements are the same for Choice physicians participating through the contracts and Veterans Health Administration (VHA) Choice provider agreements, except where otherwise noted.

<sup>b</sup>Health Net and TriWest only require board certification for certain types of physicians specifically required by contract, such as radiation oncologists.

<sup>c</sup>Department of Veterans Affairs (VA) contractors and VHA staff search the Department of Health and Human Services' Office of Inspector General exclusionary list to determine whether physicians are excluded from participation in federally funded health care programs. VHA policy on Choice provider agreements also requires VHA staff to exclude any provider on the System for Award Management, which is a database that includes individuals and entities that have been excluded from receiving federal awards by a federal agency. As of July 2016, VA had plans to modify the contracts to require Health Net and TriWest to search the System for Award Management, but has not yet done so.

<sup>d</sup>VHA policy on Choice provider agreements requires physician applicants to attest that they have adequate malpractice insurance coverage.

<sup>e</sup>Health Net required eligible PC3 physicians to participate in Medicare at the time of our review, but has since changed its policy; TriWest does not require PC3 physicians to participate in Medicare.

<sup>f</sup>VA's contracts require Health Net and TriWest to comply with a Choice Act provision that limited the choice of providers not affiliated with the Department of Defense, Indian Health Service, or federally qualified health centers to those who participate in Medicare. In July 2015, Congress amended the Choice Act to include additional physicians that meet criteria established by VA. Pub. L. 114-41, § 4005, 129 Stat. 443, 464 (2015). As of July 2016, VA had plans to modify its contracts with Health Net and TriWest to reflect this amendment, but had not yet done so. Consistent with the amendment, VHA policy on Choice provider agreements does not require Choice physicians to participate in Medicare.

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## VA's Consolidation of Community Care

The VA Budget and Choice Improvement Act required VHA to develop a plan for consolidating community care, and VHA submitted its plan to Congress on October 30, 2015.<sup>22</sup> In its submission to Congress, VHA outlined its plan to consolidate all of its existing community care programs, including PC3 and Choice, into a single program with uniform credentials requirements for all participating physicians. VHA's plan stated that it does not currently have a standard approach to credentialing under the various existing community care programs. In April 2016, VA published a draft of a performance work statement for a future contract for consolidated community care in order to solicit comments and suggestions from interested parties.<sup>23</sup> The April 2016 draft specifies that the contractors' credentialing program will be accredited by a national organization and shall perform credentialing in accordance with the accreditation standards.

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## VA Contractors Complied with Requirements for Verifying Selected PC3 Physicians' Credentials, but their Verification of Choice Physicians' Credentials was Deficient

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<sup>22</sup>Pub. L. No. 114-41, Tit. IV, § 4002, 129 Stat. 443, 461 (2015).

<sup>23</sup>Department of Veterans Affairs, *Community Care Network: Draft Request for Proposals* (Washington, D.C.: April 13, 2016).

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## VA Contractors Complied with Contract Requirements for Verifying Selected PC3 Physicians' Credentials

We found that both Health Net and TriWest complied with contractual requirements to verify PC3 physicians' credentials and maintain documentation for our selected sample. To meet these requirements, both Health Net and TriWest developed written policies on the types of credentials required and how to verify them, and both contractors submitted an outline of their credentials verification procedures to VHA. Both contractors also have quality assurance mechanisms in place that include routinely reviewing a sample of files for errors and missing information.

We reviewed the credentials files for 50 PC3 physicians and found that Health Net always conducted credentials verification consistent with its policies and procedures, and TriWest almost always did so. We identified three deficiencies among the 25 selected PC3 physicians from TriWest. Specifically, we found that TriWest did not verify

- one physician's license,<sup>24</sup>
- one physician's absence from the exclusionary list,<sup>25</sup> and
- one physician's malpractice insurance coverage.<sup>26</sup>

We found that Health Net and TriWest document credentials verification in different ways. TriWest's procedure is to maintain copies of credentials verification from primary sources (such as a printout from the state licensing board website for each physician), while Health Net's procedure is to document discrete data elements from the verification sources (such as the name of the source and the date the credential expires). Both

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<sup>24</sup>TriWest representatives confirmed that they had missed verification of this physician's license. We were unable to verify whether this physician currently holds an active, unrestricted license in the state in which he participates in the PC3 program, because the particular state does not make that information publicly available.

<sup>25</sup>We found that TriWest staff misspelled one physician's name when searching the exclusionary list. We conducted our own search of the exclusionary list and verified that this physician is not excluded from participation in federally funded health care programs.

<sup>26</sup>TriWest staff had verified the physician's insurance coverage during the application process; however, the coverage period ended before the physician was approved for participation in the PC3 network, and TriWest staff did not verify that it was renewed. After we identified this deficiency, TriWest representatives provided evidence that the physician's malpractice insurance had been renewed.

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approaches are acceptable under URAC accreditation standards and allowed us to observe that credentials verification had been conducted.

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**VA Contractors' Verification of Selected Choice Physicians' Credentials was Deficient**

We identified deficiencies in both Health Net's and TriWest's verification of credentials for the 50 selected Choice physicians we reviewed. VA's contracts specify five types of credentials that are required for Choice physicians and incorporate the Choice Act requirement that Choice physicians submit verification of their credentials at least annually.<sup>27</sup> We found that the contractors did not always verify the credentials of Choice physicians in a timely manner and often could not produce documentation to demonstrate that verification occurred.

- **Initial verification:** Of the 50 selected Choice physicians from Health Net and TriWest, we identified one physician from Health Net whose credentials had not been verified before treating veterans. Specifically, we found that Health Net conducted the verification of this physician after we identified the physicians for our review, at which time the physician had treated at least three veterans. This is inconsistent with VA's contract, which calls for Health Net to ensure that each physician holds the specified set of credentials in order to deliver Choice care.
- **Annual reverification:** Health Net's and TriWest's contracts incorporate a Choice Act requirement that physicians must submit verification of their credentials at least annually. In practice, the Choice physicians do not submit verification of their credentials, because the information needed for verification is available to Health Net and TriWest through online databases, such as state licensing board websites. VHA officials and representatives of both Health Net and TriWest consistently interpreted the provision of the Choice Act to require annual reverification of the physicians' credentials.

However, we did not find evidence that Health Net and TriWest were conducting this annual reverification among the 50 selected Choice physicians. Specifically, we identified six Health Net Choice physicians whose credentials had been initially verified over a year

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<sup>27</sup>VA's contracts require verification of five specific credentials for Choice physicians, including state medical licensure, NPI, DEA number, participation in Medicare, and not being excluded from participation in federally funded health care programs.

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before our review. At the time of our review, Health Net could not provide documentation of reverifying these physicians within a year of their initial verification, but provided documentation of reverifying five of them after we identified our sample. Upon reverifying these physicians, Health Net learned that one physician was no longer participating in Medicare. Health Net representatives told us they had discontinued this physician from Choice participation. Following our review, Health Net representatives told us they could provide evidence that they had reverified these physicians three months prior to our review. Specifically, they had provided a list of 48,000 providers, including these six physicians, to an outside vendor to reverify the required credentials. Health Net representatives explained that they had not loaded this information into the database, and thus they had not provided evidence of this reverification to us during our review. At the time of our review, reverification was not part of TriWest's process.<sup>28</sup> Of the 25 Choice physicians that we selected from TriWest, there were eight physicians in our sample whose credentials were initially verified over a year before our review, and we did not find evidence that they had been reverified. The other 17 physicians' credentials were initially verified within the year prior to our review.

- Documentation: Health Net could not produce documentation of the initial verification of six physicians' DEA numbers, though Health Net included an annotation on the documentation for our review that it had conducted the verification. While Health Net conducted the DEA verification for these physicians just before our review, all six physicians had each treated at least 15 veterans by that time.

Similarly, TriWest provided insufficient documentation for us to determine whether it verified most of the selected Choice physicians' credentials. Specifically, TriWest provided screenshots of its credentialing database that included limited information, such as the physician's name and the state issuing the credential and the registration number of the credential. However, the screenshots of the database rarely included license expiration dates and did not include

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<sup>28</sup>TriWest representatives told us in June 2016 they were planning to begin conducting monthly verification of all Choice physicians' credentials, in lieu of reverifying credentials annually.

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information about who conducted the verification, what source was used, or when it was conducted. Unlike TriWest's process for documenting verification of PC3 physicians' credentials, TriWest was not saving screenshots of the source documents that would contain this type of information for most Choice physicians. Based on this documentation, it was not possible for us to tell whether the information in the database was obtained from the physician or whether TriWest had conducted any verification of credentials.

TriWest representatives explained that responsibility for verifying most Choice physicians' credentials was assigned to staff who did not have access to TriWest's credentialing database used for entering information and saving documentation; rather, these staff said they took mental note of their verification activities without documenting anything. TriWest representatives further explained that other staff with access to the credentialing database take the information that was obtained and enter it into the credentialing database, but do not look for missing or incorrect information.

The lack of documentation makes it difficult to determine whether credentials verification actually occurred. In fact, TriWest representatives disclosed that they identified deficiencies among the 25 selected physicians, which we would not have been able to identify from the documentation provided. Specifically, TriWest identified 4 physicians who were not meeting the contract's Medicare-participation requirement as a result of our request. TriWest representatives told us they had terminated these physicians from Choice participation. In addition, TriWest acknowledged that their database was missing the DEA numbers for 21 of the 25 selected physicians, though they had added them to the database prior to sending the files to us. As a result of this finding, TriWest conducted a systematic review of physicians in its database and identified an additional 1,817 Choice physicians whose DEA numbers were missing. TriWest representatives said they have added the missing information to the database and have retrained their staff on the verification of Medicare-participation and DEA numbers.

Unlike their processes for PC3, neither Health Net nor TriWest had developed written policies on verification of Choice physicians' credentials at the time of our review. Additionally, both contractors were conducting little to no oversight of the staff responsible for Choice credentials verification. Neither contractor was including Choice physicians in its routine quality assurance monitoring that they conduct of PC3 physicians'

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credentials files. A Health Net official reported routinely checking credentials against the primary sources for a sample of Choice physicians in order to identify physicians that do not have the appropriate credentials to participate in the program. However, without reviewing documentation in the credentials files, this official could not identify the deficiencies with the process like we identified related to timely verification and documentation.

Health Net and TriWest representatives attributed the deficiencies we identified to Choice being set up very quickly, and Choice being different from the typical credentials verification process for which they are accredited.<sup>29</sup> Both Health Net and TriWest provided us with copies of written policies on the verification of Choice physicians' credentials developed following our review, and both described plans for additional improvements, such as reassigning credentials verification responsibility to staff with access to the credentialing database where documentation is stored. These plans, if implemented, could potentially result in better compliance with the contract, a determination that VHA would be responsible for making through future oversight.

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<sup>29</sup>A URAC official told us that they would expect an accredited organization like Health Net or TriWest to conduct credentials verification for the limited set of credentials in accordance with accreditation standards.

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## VHA Lacked a Comprehensive Strategy for Overseeing Contractors Responsible for Verifying the Credentials of PC3 and Choice Physicians

We found that VHA lacked a comprehensive strategy for overseeing Health Net's and TriWest's compliance with contract requirements for verifying the credentials of PC3 and Choice physicians. VA's contracts with Health Net and TriWest include a section referred to as the quality assurance surveillance plan (QASP), which specifies that VHA will review the contractors' credentialing periodically to determine whether the contractors are in full compliance with the terms of the contract. In addition, federal internal control standards call for monitoring, and corresponding guidance suggests an agency consider having a strategy to ensure that monitoring is effective.<sup>30</sup> However, we found that VHA's monitoring is primarily limited to independent reviews of physicians' credentials using primary source databases, rather than oversight of the contractors' verification processes through review of documentation. VHA has conducted only one evaluation of the contractors' documentation of verifying physicians' credentials. Additionally, VHA officials provided conflicting information about the scope, frequency, and interpretation of the results of the oversight they do conduct.

We found that VHA conducts monthly ongoing monitoring of certain types of credentials in two ways. Each month, Health Net and TriWest each submit to VHA a list of PC3 and Choice providers in its network, including physicians. First, VHA checks that all providers listed, including physicians, are not on the exclusionary list from participation in federal programs.<sup>31</sup> VHA also selects a sample of providers, including physicians, from the contractors' lists each month and checks online databases to verify that they possess certain credentials.<sup>32</sup> The QASPs call for 100 percent compliance with credentials requirements. From September 2015 to February 2016, VHA reviewed 484 physicians and identified 18 physicians with a potential issue, such as an expired license in the state where the physician practices. VHA also reviewed 698 non-physician

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<sup>30</sup>See GAO-14-704G and GAO-01-1008G.

<sup>31</sup>VHA also conducts data reliability checks, including reviewing for obvious errors, such as a physician's recorded NPI not having the correct number of digits, and missing information from data fields. Any issues identified are reported back to the contractor; the contractor is then expected to correct the issue in subsequent monthly physician lists.

<sup>32</sup>Credentials that VHA attempted to verify during the time of our review were state license, NPI, the exclusionary list, and—for Choice providers—Medicare participation. In April 2016, VHA officials told us they had gained access to a database for verifying DEA numbers as well.

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providers during the same period and identified 33 with a potential issue. VHA expects the contractor to terminate any physician VHA identifies as having an issue, and VHA officials told us they check subsequent monthly lists to ensure that identified physicians have been removed. However, this ongoing monitoring does not identify systematic deficiencies in the contractors' processes for verifying physicians' credentials, such as not annually reverifying physicians. As we demonstrated through our review of the contractors' credentials files, reviewing documentation can reveal such deficiencies and help ensure that the contractors' processes are being implemented to identify physicians that do not have the required credentials to care for veterans through these community care programs.

We also found that VHA has conducted one evaluation of the contractors' documentation of verifying physicians' credentials: an audit of TriWest's credentials verification for PC3 physicians. This audit—similar to our review—generally found TriWest's credentials verification for PC3 physicians to be reliable, but did identify some instances of insufficient documentation. VHA has not conducted any similar evaluations of Health Net's documentation of verifying PC3 physicians' credentials, despite original intentions of auditing both contractors.<sup>33</sup> Further, VHA officials responsible for auditing VHA programs have not conducted any audits of either of the contractors' verification of credentials for Choice physicians.<sup>34</sup>

In the absence of a comprehensive oversight strategy, we found that VHA officials lacked consensus regarding their oversight plans and provided conflicting information about the scope, frequency, and interpretation of the results of their existing oversight activities. Specifically, various VHA

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<sup>33</sup>The VHA auditing officials requested copies of credentials verification from primary sources, such as screenshots from state licensing boards, for a sample of Health Net PC3 physicians; however, Health Net's procedure is to document discrete data elements from the verification sources. As a result, VHA auditing officials determined that they were unable to conduct the audit of Health Net PC3 physicians. As previously noted, we found that Health Net's documentation procedures are consistent with industry standards. VHA auditing officials did conduct their own verification of 100 of Health Net's PC3 physicians' licenses, but this did not involve reviewing Health Net's documentation in the credentials files.

<sup>34</sup>Because Health Net and TriWest are accredited organizations, their PC3 programs are subject to credentialing audits every three years by the accrediting body, but these audits are not specific to PC3 and would not include Choice.

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officials we interviewed had conflicting understandings of whether the monthly reviews included both PC3 and Choice physicians. For example, VHA officials responsible for conducting the reviews were including both PC3 and Choice physicians in the monthly samples. However, the officials responsible for overseeing the contracts and reporting the results to the contractors via the QASPs were reporting the results as specific to Choice. An analysis of the samples from the monthly reports we reviewed revealed that 22 percent of physicians sampled were Choice physicians and the remainder were PC3 physicians. In addition, while federal entities such as VHA have the discretion to determine appropriate oversight methods based on an assessment of their own risk and resources, VHA officials we interviewed disagreed about the needed frequency of these audits. Specifically, the VHA officials responsible for overseeing the contracts believe that the officials responsible for auditing VHA programs should be conducting further audits of credentials verification; however, the auditing officials told us that they did not have plans to conduct any additional audits related to credentials verification in fiscal year 2016, for either PC3 or Choice, due to competing priorities.

Without a comprehensive oversight strategy, VHA cannot ensure the contractors are in compliance, and VHA officials may be missing an opportunity to assess current monitoring activities for effectiveness and make any changes to their methods. As a result, VHA risks sending veterans to physicians who do not meet PC3 and Choice credentials requirements, which could call into question the quality of care provided to veterans through these two community care programs.

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## VHA Did Not Require Its Staff to Verify Licenses and Lacked Specific Plans for Oversight of VHA Choice Provider Agreements

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## VHA Did Not Require Its Staff to Verify Choice Physicians' Licenses under Choice Provider Agreements

Under VHA Choice provider agreements, staff at VHA medical facilities are not required to verify physicians' licenses.<sup>35</sup> Specifically, staff at the five VHA medical facilities that participated in the initial implementation phase of VHA Choice provider agreements told us that they review a copy of the license submitted by the physician, but they do not verify its status at the time of review or determine whether the license has any negative actions taken against it.

VHA officials told us that they do not consider this process to be traditional credentialing because VHA staff rely on the physicians to attest to the accuracy of the information that they submit with their provider agreement, including that they hold an unrestricted license. However, they also told us they designed the credentials requirements for VHA Choice provider agreements to be similar to the Choice contractors' requirements to avoid any advantages or disadvantages of participation through VHA. Federal internal control standards state that management should define risk tolerances and identify potential risk factors, such as the opportunity for fraud due to the absence of controls.<sup>36</sup> In the absence of verifying a license against the issuing source under the VHA Choice provider agreement, VHA may not be able to determine whether a physician has submitted a copy of a license that was revoked by the state licensing board before it was due to expire. This could have the unintended consequence of physicians with licensing problems migrating to Choice provider agreements with VHA medical facilities where their licenses are not verified. Without assessing the risk that a lack of verification of physicians' licenses by VHA staff poses for the program, VHA does not know whether a change to its policy is needed.

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<sup>35</sup>VHA also does not require VHA staff to verify the physician's DEA or NPI numbers. However, NPI is unlikely to change or get discontinued over time, and a copy of the DEA certification is considered an acceptable source of verification by industry standards. VHA does require staff to verify that each physician does not have any federal sanctions taken against them by searching their names on the exclusionary list and the System for Award Management website.

<sup>36</sup>See GAO-14-704G.

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## VHA Lacked Specific Plans for Oversight of Its Staff Responsible for Verification of Credentials for Choice Physicians

VHA lacked specific plans for oversight of its staff responsible for verifying Choice physicians' credentials as part of the recently implemented VHA Choice provider agreements. Under VHA Choice provider agreements, which the agency began implementing in February 2016, staff at each of VHA's approximately 170 medical facilities have the new responsibility of reviewing community physicians' credentials. Specifically, VHA policy on Choice provider agreements requires medical facility staff to verify that Choice physicians are not excluded from participation in federally funded health care programs, to review documented evidence of DEA numbers and medical licensure, and to conduct annual reverification of these credentials. At the time of our review, VHA officials did not have any specific plans for conducting oversight to determine whether medical facility staff are complying with these requirements.

VHA's lack of oversight of medical facility staff reviewing credentials for physicians involved in VHA Choice provider agreements is inconsistent with federal standards for internal control, which call for agencies to establish monitoring activities, and with GAO guidance for internal controls, which calls for management to have a strategy to ensure that ongoing monitoring is effective. VHA officials told us they had ideas for oversight activities, but they had not determined any specific details that a comprehensive strategy might include, such as the scope, frequency, or start date for implementing these activities. For example, VHA officials also told us they are maintaining a temporary database of physicians with VHA Choice provider agreements, to which staff upload electronic copies of a physician's credentials along with the signed agreement. VHA officials said that in the future, they may conduct periodic audits to check that facility staff are uploading all of the required documents regarding physician credentials, but they did not have plans for when such audits would start or how frequently they might conduct them. In addition, VHA staff said they have plans to develop a permanent electronic database that would include a feature to allow individual VHA medical facilities to conduct their own oversight. However, VHA did not have a timeline for when this permanent database would be operational.

Although VHA's use of VHA Choice provider agreements was in its early stages at the time of our review, developing a specific plan before results are expected is important to ensure that the agency can make program adjustments as needed to achieve desired results. Without conducting oversight, VHA cannot ensure that staff at each of its medical facilities are verifying Choice physicians' credentials consistent with the requirements of the program. As a result, VHA risks sending veterans to physicians whose qualifications do not meet VHA Choice provider agreement

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requirements, which could call into question the quality of care provided to veterans through the program.

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## Conclusions

Providing our nation's veterans with quality health care is a critical responsibility of VHA, and ensuring physician qualifications through verifying credentials is crucial. However, VHA's existing oversight approach is insufficient to ensure that Health Net and TriWest are verifying credentials according to contractual requirements, or that VHA's own staff are reviewing qualifications as appropriate under the recently implemented VHA Choice provider agreements. VHA's oversight of its contractors generally does not include the review of credentials file documentation, and VHA has conducted only one evaluation of the contractors' documentation of verifying credentials and has no documented plans for additional reviews in the future. Moreover, VHA currently lacks a comprehensive strategy and detailed plans for oversight of contractors' and its own staff's credentials verification activities. Without a comprehensive oversight strategy that provides consensus on the scope and frequency of oversight activities, as well as the interpretation of oversight findings, VHA cannot ensure veterans receive quality care via PC3 and Choice.

Unlike Health Net and TriWest, VHA does not require its own staff at VHA medical facilities to verify state licenses of Choice physicians under the VHA Choice provider agreements, even though the program was designed to be similar to Choice as implemented by Health Net and TriWest. Thoroughly reviewing Choice physicians' licenses could be particularly important given that other types of qualifications, such as a physician's malpractice history, are not reviewed for Choice physicians. Without verifying physicians' licenses, VHA may be putting itself at risk for procuring care from physicians who are not qualified to treat veterans.

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## Recommendations for Executive Action

In order to ensure that veterans receive quality care from qualified physicians, we recommend that the Secretary of Veterans Affairs direct the Under Secretary for Health to take the following two actions:

- Develop and implement a comprehensive oversight strategy that includes ongoing monitoring and evaluations of the contractors' verification of PC3 and Choice physicians' credentials, as well as VHA staff's review of Choice physicians. VHA's oversight should include reviewing documentation and assessing whether the contractors'

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plans for improving their processes for Choice credentials verification are effective.

- Assess the risk associated with not verifying Choice physicians' licenses under VHA Choice provider agreements, and determine whether modifications to VHA's policy are needed.
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## Agency Comments

We provided a draft of this report for review to the Department of Veterans Affairs. In its written comments, reproduced in appendix I, the department concurred with our recommendations and described plans to implement them by March 2017. The department also provided technical comments, which we incorporated as appropriate.

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We are sending copies of this report to relevant congressional committees and other interested parties. This report is also available at no charge on the GAO website at <http://www.gao.gov>.

If you or your staffs have any questions about this report, please contact me at (202) 512-7114 or [curdae@gao.gov](mailto:curdae@gao.gov). Contact points for our Offices of Congressional Relations and Public Affairs are on the last page of this report. GAO staff who made major contributions to this report are listed in appendix II.



Elizabeth H. Curda  
Acting Director, Health Care

# Appendix I: Comments from the Department of Veterans Affairs



DEPARTMENT OF VETERANS AFFAIRS  
WASHINGTON DC 20420

September 2, 2016

Ms. Elizabeth H. Curda  
Director, Health Care  
U.S. Government Accountability Office  
441 G Street, NW  
Washington, DC 20548

Dear Ms. Curda:

The Department of Veterans Affairs (VA) has reviewed the Government Accountability Office's (GAO) draft report, "**VETERANS' HEALTH CARE: Improved Oversight of Community Care Physicians' Credentials Needed**" (GAO-16-795). VA agrees with GAO's conclusions and concurs with GAO's recommendations to the Department.

The enclosure sets forth the action to be taken to address the GAO draft report recommendations.

VA appreciates the opportunity to comment on your draft report.

Sincerely,

A handwritten signature in black ink, appearing to read "Gina S. Farrisee".

Gina S. Farrisee  
Deputy Chief of Staff

Enclosure

Enclosure

Department of Veterans Affairs (VA) Comments to  
Government Accountability Office (GAO) Draft Report  
**"VETERANS' HEALTH CARE: Improved Oversight of Community Care  
Physicians' Credentials Needed"**  
(GAO-16-795)

In order to ensure that veterans receive quality care from qualified physicians, GAO recommends that the Secretary of Veterans Affairs direct the Under Secretary for Health to take the following two actions:

**Recommendation 1:** Develop and implement a comprehensive oversight strategy that includes ongoing monitoring and evaluations of the contractors' verification of PC3 and Choice physicians' credentials, as well as VHA's staff's review of Choice physicians. VHA's oversight should include reviewing documentation and assessing whether the contractors' plans for improving their processes for Choice credentials verification are effective.

**VA Comment:** Concur. This recommendation is related to High Risk Area 2 (inadequate oversight and accountability). Improved oversight and accountability for contractor compliance with the terms of the Patient Centered Community Care (PC3)/Choice contracts, including verification of physician credentials, is an important part of ensuring a high quality provider network is in place for Veteran care.

The Veterans Health Administration (VHA) Office of Community Care (Community Care) monitors contract compliance of the PC3/Choice contractors' efforts to develop a provider network of high quality providers. Although ensuring providers have the requisite licenses and credentials is the responsibility of the contractors, Community Care is responsible for monitoring the contractors' adherence to the contract. In addition, Community Care has the authority under the contract to perform quality checks, random inspections, and has developed a Quality Assurance Plan (QASP).

In response to this finding, VHA will enhance our current process and provide a more specific plan to address the GAO recommendation. VHA currently utilizes the "three lines of defense model" to oversee the contractors' efforts. As the first line of defense, the contract with Health Net and TriWest outlines provider qualification expectations. The contract requires the submission of signed annual attestation agreements that a certification/credentialing process for Choice/PC3 providers is completed and provider files are up-to-date. Community Care will assess if this attestation reflects sufficient controls for annual provider recertification as the Choice legislation requires and the GAO report identifies. Additionally, VHA will work with the contractors to submit written documentation of their processes and timelines so that we are positioned to monitor their compliance.

As the second line of defense, Community Care holds quarterly meetings where each contractor goes through a quarterly performance management review (PMR) on all QASP measures. Health Net and TriWest independently assess their own processes for assessing provider qualifications and are accredited by Utilization Review

Enclosure

Department of Veterans Affairs (VA) Comments to  
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(GAO-16-795)

Accreditation Commission (URAC), a credentialing governance accrediting body. Community Care issues letters of correction when deficiencies are found, and contractors are required to respond with corrective action plans (CAPs). Community Care Contract Administration (CCCA) and the contracting office review CAPs and continue to monitor contractor actions until the contract QASP measures are met. Additional efforts will be explored to enhance Community Care efforts to ensure the contractors are adhering to their own standards and process. Community Care will assess the feasibility of developing an audit/review process similar to the one conducted by GAO.

As the third line of defense, Community Care conducts an independent analysis of provider quality by conducting a monthly check of provider qualifications, pulling a random sample from the Contractor's Monthly Provider List. When discrepancies are discovered, VA notifies the contractors and a request is made for the contractors to correct any errors. If ongoing or egregious issues are found, letters of correction are sent to the contractors, and the contractors must submit CAPs. Community Care will review our CAP processes to ensure that effective verification and validation activities are undertaken for completed actions.

VA will provide GAO with the following Community Care documentation, once actions to address the GAO recommendations have been completed:

1. Documentation of the oversight strategy that includes monitoring and evaluating of the PC3/Choice Contractors' credentialing of PC3 providers and certification of Choice providers.
2. Documentation of the oversight strategy for monitoring and evaluation of credentialing related to VA's Provider Agreement Program.

This process has a target completion date of February 2017.

**Recommendation 2: Assess the risk associated with not verifying Choice physicians' licenses under VHA Choice provider agreements and determine whether modifications to VHA's policy are needed.**

**VA Comment:** Concur. This recommendation is related to High Risk Area 1 (ambiguous policies and inconsistent processes). Clarifying policies and a process to verify Choice physician licenses and credentials is an important part of ensuring high-quality care is available to Veterans.

Enclosure

Department of Veterans Affairs (VA) Comments to  
Government Accountability Office (GAO) Draft Report  
**"VETERANS' HEALTH CARE: Improved Oversight of Community Care  
Physicians' Credentials Needed"**  
(GAO-16-795)

Per the provider agreement, there are clear processes for obtaining qualification documents from the community provider. By signing the Provider Agreement document, the community medical care provider attests that they are provider(s) in good standing per their State Credentialing and Licensing policy. Additional VA evaluations use the List of Excluded Individuals/Entities and System for Award Management list.

With the existing processes in mind, VA will review internal operating procedures and policy on verifying Choice physicians' licenses under VHA Choice provider agreements and determine whether modifications to VHA's policy are needed. VHA will assess the processes that are currently in place and will determine if adequate internal controls exist to ensure the processes are followed and are effective. This assessment will be used to determine what oversight activities are required to ensure the process for capturing provider qualifications under Choice provider agreements is effective.

VA will provide GAO with the following Community Care documentation, once actions to address the GAO recommendations have been completed:

1. Documentation of the outcome of review of the internal operating procedures and policy on verifying Choice physicians' licenses under VHA Choice provider agreements and the path forward.
2. Documentation of the determination of what oversight activities are required (a "plan") to ensure the process for capturing provider qualifications under Choice provider agreements is effective.

This process has a target completion date of March 2017.

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# Appendix II: GAO Contact and Staff Acknowledgments

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## GAO Contact

Elizabeth H. Curda, (202) 512-7114 or [curdae@gao.gov](mailto:curdae@gao.gov)

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## Staff Acknowledgments

In addition to the contact named above, Marcia A. Mann, Assistant Director; Kaitlin McConnell, Analyst-in-Charge; and Hannah Marston Minter made key contributions to this report. Also contributing were Muriel Brown; Christine Davis; Jacquelyn Hamilton; Drew Long; Jennifer Whitworth; and William T. Woods.

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